



2005 Minerals Yearbook

MALTA

THE MINERAL INDUSTRY OF MALTA

By Harold R. Newman

In 2005, Malta remained an important transshipment center in the Mediterranean area. Its political and strategic importance has traditionally emanated from its geographic position in the center of the Mediterranean Sea and its natural deepwater harbor. The transshipment and reexport of goods continued to be significant to the country's economy. International trade and, in particular, export activities represented Malta's economic lifeline. The mineral industry, which consisted mainly of limestone and salt production for domestic consumption, was small (table 1). The mineral-related economy of the country depended mainly on trade and the storage of crude oil. With virtually no natural resources of its own except for its golden limestone (globigerina), Malta depended almost completely on imports of raw materials and fuels.

Malta Freeport offers modern transshipment facilities, which include storage, assembly, and processing operations and an oil terminal with bunkering facilities. Companies licensed to operate within Malta Freeport were exempt from payment of custom tariffs, income tax, and stamp duties on their operations within the port. These incentives were available to both domestic and foreign companies (Malta Freeport Authority, 2005§¹).

The area of the Maltese archipelago is 316 square kilometers (km²) and consists of Malta, 246 km²; Gozo, 67 km²; and Comino, 3 km². The country had a population of almost 400,000. In 2005, Malta's gross domestic product (GDP) based on purchasing power parity was \$7.9 billion, and the GDP per capita was \$20,015. Inflation was 2.4%, and the real growth rate was 1.5% (International Monetary Fund, 2005§).

Malta entered the European Union (EU) on May 1, 2004, along with nine other countries and became the smallest country in the EU, displacing Luxembourg. Malta entered the European Exchange Mechanism (ERM-2) in May 2005 as a first step to the planned adoption of the single European currency. The Government stated that the decision by the EU to accept Malta into ERM-2 was a vote of confidence in its economic policy. Malta planned to switch its currency from the Maltese lira (MI)

to the EU euro (€) by 2008. Until then, the exchange rate was fixed at M10.4293 = €1.0 (Daily News, 2005).

Pancontinental Oil and Gas NL of Australia was continuing with its seismic survey program, which it had initiated in 2004 to investigate Block 3, Area 4 and Area 5 in waters south of Malta. Two large reef prospects were identified in 2005. Anadarko Petroleum Corp. acquired 1385 kilometers of two-dimensional seismic data to detail the Chianti and the Limoncello leads, plus an extended regional grid over the remainder of the permit. Anadarko had an option to earn 65% by drilling and testing one exploration well plus an additional 10% for drilling a second well. Drilling was considered possible as early as 2007 (Pancontinental Oil & Gas NL, 2005a§).

The western and southern boundaries of Area 5 with Tunisia and Libya have not been finalized, so Pancontinental was conducting seismic surveys within undisputed Maltese waters away from those areas. The company was waiting for approval from the Government to begin the surveys, which will be carried out by Anadarko as part of its earnings obligations (Pancontinental Oil & Gas NL, 2005b§).

Outlook

Malta's entrepôt activities in the Mediterranean area are expected to continue along with offshore petroleum exploration.

Reference Cited

Daily News, 2005, Malta sets currency switch target: Daily News [Malta], May 1, p. 1.

Internet References Cited

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Malta Freeport Authority, 2005, Malta, accessed August 22, 2006, at URL <http://www.state.gov/e/eb/ifa/2005/43034.htm>.

Pancontinental Oil & Gas NL, 2005a, Malta—Executive Summary—Area 5 and block 3, area 4—Southern offshore, accessed February 13, 2006, at URL http://www.pancon.com.au/projects/proj_malta.html.

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¹References that include a section mark (§) are found in the Internet References Cited section.

TABLE 1
MALTA: ESTIMATED PRODUCTION OF MINERAL COMMODITIES^{1,2}

(Cubic meters)

| Commodity ³ | 2001 | 2002 | 2003 | 2004 | 2005 |
|------------------------|---------------------|---------------------|---------------------|--------------------|-----------|
| Limestone | 1,230,000 | 1,200,000 | 1,200,000 | 1,200,000 | 1,200,000 |
| Salt | 13,000 ^r | 13,000 ^r | 13,000 ^r | 6,000 ^r | 6,000 |

^rRevised.

¹Estimated data are rounded to no more than three significant digits.

²Table includes data available through March 2006.

³In addition to listed commodities, small amounts of cement, fertilizer, lime, and plaster are produced, but available information is inadequate to make reliable estimates of output.